

International Journal of Finance and Accounting (IJFA)

Budget Control on Capital Project Delivery in Samburu County Government

Nelson Joseph Lesorogol, Dr. Clement Achimba & Dr. Florence Opondo

Budget Control on Capital Project Delivery in Samburu County Government



¹Nelson Joseph Lesorogol

MBA. Candidate: Department of Commerce,
Laikipia University



²Dr. Clement Achimba & ³Dr. Florence
Opondo

Department of Commerce, Laikipia University

Article History

Received 9th June 2024

Received in Revised Form 12th July 2024

Accepted 7th August 2024



How to cite in APA format:

Lesorogol, N., Achimba, C., & Opondo, F. (2024). Budget Control on Capital Project Delivery in Samburu County Government. *International Journal of Finance and Accounting*, 9(4), 1–16. <https://doi.org/10.47604/ijfa.2841>

Abstract

Purpose: This study aimed to evaluate the effects of budget control on delivery of capital project delivery in Samburu County-Kenya.

Methodology: This study examined the effect of budget control procedures on the completion of capital projects using a descriptive research design. A total of 52 employees who were department heads and routinely took part in the budgeting process, belonging to the J, K, and L job groups, comprise the research sample. To effectively represent the intricate dynamics at work and to offer insightful information about how budget control affects the efficacy and efficiency of capital project delivery within the framework of the Samburu County Government, data was provided in linear regression models.

Findings: The findings of this study can assist county governments in better understanding the factors that affect county budget management systems and performance as well as what needs to be changed to enhance the aforementioned budget performance. The findings can also be helpful to academics while looking into how budgetary control affects the provision of public services. Finally, it may offer politicians and other decision-makers new insights into the delivery of capital projects and the management of public resources. The study's results demonstrated that budget control significantly impacted capital project delivery in Samburu County, accounting for 77.3% of the variance with $P < 0.05$.

Unique Contribution to Theory, Practice and Policy: The study investigated how capital project delivery and budget control interact using the agency theory. Kenyan county governments and legislators should tighten budget control to address issues. The primary finding of the study was that counties can accomplish their financial and quantitative objectives with the aid of budget control. Additionally, it can help the county meet its goals, identify the operating activity items in the budgets, and fortify the relevant accounting structures.

Keywords: Budget Control, Project Delivery, Agency Theory, County Government

JEL Classification Codes: H61, H43, G10, H11

©2024 by the Authors. This Article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (<http://creativecommons.org/licenses/by/4.0/>)

INTRODUCTION

Kenya, which consists of 47 counties, contributes significantly to the social and economic advancement of the nation by carrying out crucial social services and accomplishing important business goals for the benefit of the populace and the government. Budgeting procedures are essential for government, for-profit, and nonprofit organizations to track their progress, forecast cash flows, and manage spending. To make sure that budget plans help an organization's finances, it is imperative to implement efficient budgeting procedures. Estimating revenue and expenses for a given year, providing services to citizens effectively, and enhancing an organization's financial performance are the goals of budgeting practices (Uyarra et al., 2020; Scott & Enu-Kwesi, 2018).

However, in recent years, many county governments' operational and financial performance has declined, placing a significant burden on the public finances as they depend more on government funding for budgetary purposes through grants, subsidies, loans, and debt guarantees. There is a reduction in public resources available for investment in other crucial areas of national development as a result of these government payments to county governments, which are no longer commensurate with the social and economic advantages received from these firms (The National Treasury and Planning, 2022).

In Kenya, all capital projects are democratically funded and guided development initiatives throughout all counties. The timely completion of capital projects and the significant role that County law plays in fostering public engagement are perennial sources of concern. It is expected that projects will be finished on time and within budget. A budget must also be created, implemented, and carried out by any organization, and budget management procedures must be in place to guarantee that commitments and long- and short-term goals are met (Zayol & Onho, 2017).

In Kenya, budget control in county financial planning activity entails processes of creating a spending plan and regularly comparing actual expenditures to plans to enable identifying variances. Nevertheless, budget control systems are universally important tools for financial planning, with their primary function being to forecast income and expenses (Cuadrado-Ballesteros, & Bisogno, 2022).

Martinez and Pritchard (2019) contend that public institutions ought to adopt allocative efficiency, which comprises the efficient distribution of public funds by governmental priorities. To increase allocative efficiency, performance data is essential since it gives the government information that facilitates budget allocation to popular, high-performing initiatives. Consequently, their reasoning suggested that making appropriate use of performance data and resource allocation guaranteed that county government budget prioritization was applied correctly. It would guarantee that funds are appropriately transferred from lower-level priorities to high-priority areas.

Kenyan voters hold county governments responsible for the distribution, management, and use of resources through the budget process. These responsibilities are carried out in accordance with the government's financial regulations, which comprise certain guidelines, directives, and procedures. Enhancing government administration, funding development initiatives, and improving people's socioeconomic well-being are all possible with a well-designed and performed budget process (Njeru, 2022).

The research made extensive use of agency theory. However, there is an agency relationship implied by the requirement for counties to inform their inhabitants about their financial problems. The agency theory establishes a link between principals, county residents, agents, or the County Executive Committee and, in particular, county treasury authorities with respect to county performance. Institutional theory states that county governments use public finance procurement methods to purchase goods and other assets (Council of Governors, 2018).

Counties are required to abide by procurement policies, procedures, and guidelines when allocating public funds. It also includes the Stewardship Theory, which describes how county authorities take responsibility for their work and put up great effort to ensure that capital projects are carried out effectively internationally. Stewardship theory also favors combining the duties of county speaker and governor to save money and give them more stewardship responsibilities in the assembly and county governments, respectively. The hypothesis states that client interests are better safeguarded (Donaldson & Davis, 1991). Because of decentralization, capital projects in Kenya must be completed through county government budgets and administration. Thus, the goal of good governance is to enhance local responsibility, control, effectiveness, and resource utilization for local development.

The 2010 Kenyan Constitution outlines the concepts of public finance, including accountability, openness, and public engagement in financial concerns, in Article 201. The public finance system also requires the advancement of equality in society, where national funds are distributed equally between the federal and local governments. It is planned that public funds be used prudently and responsibly and that expenditures support the nation's equitable development, including specific provisions for underprivileged groups and areas. Moreover, county administrations are in charge of the money that is given to them.

The public financial management architecture was designed to modernize public sector financial administration, minimize waste, fraud, and corruption, and establish the legal framework for fiscal decentralization. Legislation and procedures of public financial management are designed to facilitate financial data collection, budget implementation monitoring, and planning and budgeting in the public sector. With the broad goals of upholding general financial discipline, assigning resources to priority areas, and ensuring efficient and effective use of public resources to fulfill goals, it therefore affects the counties' budget income and expenditures.

Capital projects are critical needs in arid and semi-arid (ASAL) areas, which are typified by high rates of poverty, young unemployment, and other vulnerable groups. Approximately 33% of Kenya's population and 89% of its land are found in ASALs (Republic of Kenya, 2012). Although these areas have a wide variety of production systems and economic potential, their historical political marginalization as well as the practical constraints placed on them by low economic concentration and low population density have left them severely undeveloped (Republic of Kenya, 2012). Examples of capital projects that serve society and the economy include roads, highways, government buildings, sewage and water systems, educational facilities, police and fire stations, and recreational parks.

Capital projects at all levels of government increase local property tax bases, increase home values and give communities access to useful amenities (Garbinti, Goupille-Lebret, & Piketty, 2021). The impact of budget control on organizational performance was explained by Budgeting control practices are positively correlated with organizational performance, according to research by Oyadomari, Afonso, Dultra, Mendonça, and Righetti (2018), who

used structural equation modeling techniques to analyze data from a survey of 110 medium- and large-sized Brazilian firms. Unlike the case under investigation, which concerned the deliverability of public goods, this study was concerned with business entities. Kenya's county governments are in charge of local development, which they carry out under Public Finance Management (2012), which incorporates constitutional principles like accountability, transparency, and citizen participation. The purpose of this study was to determine whether budgeting control procedures have an impact on the performance of the Samburu County government.

Reviving Kenya's public financial management system aimed to increase budget credibility, translate political priorities into annual budget allocations, and enhance the caliber, timeliness, and accuracy of financial reports (Republic of Kenya, 2020). The Public Financial Management Act of 2018 in Kenya was amended to specify the distribution of local and national resources. The main sources of funding for the federal government are bonds, taxes, and internal and external loans. The County Assembly Revenue and Expenditure Estimates include a statement of compliance with the Commission on Revenue Allocation (CRA) ceilings in addition to cost-cutting, cost-control, and evaluation of program results financed with budgetary resources. The County Assembly Revenue and Expenditure Estimates (Njeru, 2022) contain the ceilings in Section 129(3). In Kenya, public participation in public finance management has historically been low, despite the field's significance for citizen-government interactions. This has led to inefficiencies and resource misallocation (Institute of Certified Public Accountants of Kenya, 2014).

The Samburu County government has a lot of development goals, but it also has limited resources, which have led to waste or underutilization when it comes to service delivery. Kenyan county governments did not meet their annual targets of Ksh 56.0 billion; instead, they received Ksh 25.5 billion in own source revenue (OSR) from July 2020 to March 2021. This represented 45.6% of the annual OSR target in FY 2020–21, down from 48% in FY 2019–20. During the first three quarters of the fiscal year 2020/21, sixteen (16) county governments, including Samburu, were able to collect more than half of their annual OSR target (Njeru, 2022). For all county governments, the total actual overspend in the first nine months of FY 2020–2021 was 44.2%, which was 4% lower than the absorption rate in FY 2019–20. The absorption rate for development expenses from July 2020 to March 2021 was only 25%, while the rate for recurrent expenses was 56% during the same period in FY 2019/20. Long-lasting political debates concerning the vertical distribution of income raised across the nation were influenced by a number of factors, including low revenue performance, COVID-19 containment measures like gathering caps, domestic and international travel restrictions, and the delayed implementation of CARA 2020.

Kenya's county budgets, despite several attempts to improve the budgeting procedures—including implementation and oversight through amendments to the Public Finance Management Act—remain primarily an ineffective instrument for achieving county objectives. The high percentage of underbudgeting has had a negative impact on the ability of a county's citizens to accomplish their intended goals and objectives. The aim of this paper research was to determine and assess the factors that could have an impact on the efficiency with which Kenyan county governments handle their finances. It is required of the Samburu County Government to carry out the responsibilities assigned to it and create budgets that fairly represent the county's revenues and outlays.

The electorate in Kenya's Samburu County government badly needs basic amenities, however project delivery has proven to be a significant difficulty despite financial commitments. It is clear that the County continues to face delays in project completion, even with the implementation of the Public Finance Management Act of 2012 and budgetary control procedures. This study was carried out in an attempt to address some of the issues with project delivery by looking at the effect of budgetary control on capital project delivery in the Samburu County Government and developing suitable measures to mitigate the perceived challenges of project delivery in the County.

Statement of the Problem

Many Kenyan county governments still struggle to deliver capital projects within the agreed budget and set goals, despite the influence of government regulations, staff competency, and public participation. According to Section 107(b) of the Public Finance Management Act of 2012, each county government's budget must set aside a minimum of thirty percent for projects delivered over a medium period and development expenditures to improve the quality of life of the people. Samburu County, which has a high human poverty index, did not satisfy this statutory requirement in the fiscal year 2020–2021. It is recognized as a disadvantaged region experiencing deprivation in three domains of human development: knowledge, a decent standard of living, and a healthy life. For the past five years, Samburu County has consistently failed to realize estimated expenditures and complete capital projects on schedule because capital development projects planned to be finished during that time had never been finished on schedule. Samburu County never got many of the goods and services the people needed, even with a lot of public involvement. This raised the question of whether budgetary constraints had an impact on the completion of capital projects in Samburu County, Kenya.

Objectives of the Study

To analyze the effect of budget control on capital project delivery in Samburu County Government

LITERATURE REVIEW

Theoretical Review

The foundation of this study was the agency theory put forth by Berlie and Means (1932). Agency theory is widely applied in accounting and finance literature to explain why managing someone else's finances automatically creates an agency relationship. When one or more parties (the principals) appoint a third party (the agent) to carry out a service on their behalf and give the agent some degree of decision-making authority, this legal arrangement is known as an agency relationship (Jensen, & Meckling, 1976). This idea was applied to the analysis of internal control procedures and county performance. The office of the Auditor General tasked by Article 229 of the Constitution with auditing and reporting on the national and local governments' finances, produced results that were better understood thanks to the agency theory.

Evidence that suggests greater efficiency can be attained with fewer input controls, results-driven steering, financial incentives, and competition has been used to support the application of the agency theory. It is unclear, nevertheless, how budgetary controls affect the standard of capital project delivery and the efficacy of policy. An essential consideration in agency theory is focusing on the primary hazards associated with not fulfilling commitments, including the government's susceptibility to economic and job hazards, as well as the possibility of political

favoritism and corruption. When counties implement budgets, it is also unknown what effects new intra-county governmental coordinating mechanisms will have (Martinez & Pritchard, 2019).

The agency idea states that county people can request the unbiased opinion of the auditor general and use reports to monitor the two levels of government. The objective was to find out if county governments followed the approved budget when allocating funds and to raise concerns about any anomalies that would indicate financial mismanagement or impede the provision of necessary services to county citizens. Politicians, on the other hand, often lament the plethora of information at their disposal, which varies in quality and usefulness. In emerging economies, information is sometimes provided in a way that is ambiguous or challenging to comprehend.

The content must be adapted to the different understanding levels and informational demands of legislators and executive branch officials. In order to make the right decision, feedback on the execution of capital projects should also be given when it is suitable. The challenge of gathering pertinent, high-quality data that takes into account the capacity and schedule constraints that political decision-makers must work within is a fundamental factor in the significance of agency theory. In the process of implementing county capital projects, the agency theory creates a relationship between principals, or the people who live in the county, and agents, or the County Executive Committee and, specifically, county treasury officials (Njeru, 2022).

Politicians oversee the execution of capital projects under the administrative structure of the county government, but they also have to weigh conflicting objectives when deciding how much money to provide. Keeping their word during elections and showing the public that they are aware of and responsive to their demands are two of their top objectives. They work on short-term time horizons, making decisions and using information quickly. They typically seek quick outcomes before the next election. Fiscal decisions based on performance statistics are not always consistent with satisfying these political goals.

Programs are sometimes maintained politically even while their efficacy and efficiency are called into doubt. The budget process is political by nature, and performance data might not be able to turn it into a methodical process of decision-making. Instead, the issue is how to design the right incentives such that performance data is more thoroughly taken into account. The kind of incentives needed and for whom they are needed will depend on contextual variables including the state of the economy and the bigger political and institutional frameworks within a local government (Martinez & Pritchard, 2019).

According to this argument, county people elect the governor and deputy governor, who lead the county for five years each. Members of the county executive and other officials are appointed by the governor to head different departments under their jurisdiction. The county public can evaluate the financial and non-financial performance of the county government with the assistance of the internal audit and monitoring and evaluation divisions. In addition to being evaluated on how well they manage costs while carrying out capital expenditures, county governments are also evaluated on how well they use the resources and assets at their disposal to finish capital projects.

Considering the previous explanation of the agency relationship, one of the reasons budget control fails is probably the agent's inability to act in the principal's best interests. To guarantee that the agents acted in the best interests of the principals and the citizens, strict adherence to

government regulations and public participation were employed. This would facilitate the hiring of personnel possessing the requisite training and understanding of budgetary regulations, as well as the efficient administration of the budget (Aduwo, 2019; Wells, 1991; Perrow, 1986).

The stewardship theory, which opposes individualism and upholds the position of high-ranking county officials—especially county treasurers—as stewards who integrate their objectives into the more all-encompassing county plans, was also relevant to this investigation. The stewardship theory states that when capital projects are completed, county government treasury officials, or stewards, are happy and motivated. This study demonstrated how county officials could act as stewards by taking on their responsibilities and working tirelessly to deliver the best capital projects throughout the county. It did this by using the stewardship concept.

Stewardship theory further supports the merging of such roles to save money and provide the county speaker and governor with stronger stewardship roles in the assemblies and county governments, respectively. Combining responsibilities implies that the county's development processes would safeguard and promote the interests of its citizens (Donaldson, 1991). Within the context of corporate social responsibility, Freeman (2017) extended this theory. Since the stakeholder theory would evaluate the degree to which the opinions, interests, and benefits of the legitimate county stakeholders were realized, it was pertinent to this study. It was also used to assess the county's ability to successfully execute project deliveries through its strategic plans, thereby raising performance levels.

The interests of stakeholders are vital to the county government's ability to implement strategic plans because the two organizations' relationship is essential to their respective futures. Samburu County needs projects to improve service delivery and the standard of living for its citizens. This study was motivated by the persistent problems of low quality of life and past underdevelopment, even though the interests of stakeholders and the community may have been considered in the strategic planning process. The theory of stewardship is still in its early stages and has not undergone extensive empirical testing. The literature that is currently available is sparse, concentrates on a small number of governance mechanisms, and lacks clarity regarding the implications of stewardship-based governance designs for performance (Dutzi, 2005).

It is possible to identify significant limitations in the Western-originated theories mentioned above. These are constrained by unique cultural perspectives and political systems that distinguish Kenya from Western nations. When applied in the Kenyan context, these variations might affect the theories' applicability and efficacy. Furthermore, there might be difficulties in directly applying and interpreting these theories in the Kenyan context due to differences in political landscapes, historical contexts, and economic development. In order to ensure that any potential adaptations or modifications appropriately address the complexities and nuances of the Kenyan environment in order to promote efficient budget management within the Samburu County Government, a thorough assessment of these limitations is required.

The effectiveness of budget controls on project delivery was the subject of this primary data-based research study, which should have taken into account some data from the Auditor General's office and other local sources. Though it might be limited by things like missing information, inconsistent data quality, or a lack of real-time updates, the data might nevertheless provide insightful information. Alternative approaches, like combining data from several sources, performing field evaluations, or taking stakeholders' viewpoints into account,

could contribute to a more comprehensive understanding of how budget constraints affect project delivery results. Through proactive resolution of these potential constraints, decision-makers can augment the dependability and pertinence of their evaluations, thereby endorsing more knowledgeable and efficient budgetary management methodologies in the project development and execution procedures.

Empirical Review

Mortgage Model

The effect of budgeting and budgetary management on the financial performance of Kenyan governments was examined by Mutungi (2017). The research looked at budgeting and budgetary management, managerial performance, and national administration. To look at the connection between financial performances in the 47 countries the researcher was studying, budgeting, and budgetary control, a quantitative descriptive research approach was used. The results showed that the county administration was experiencing issues carrying out the budget, including failing to meet the deadlines for timely budgeting outlined in the Public Financial Management Act of 2012. According to the study's findings, financial performance budgeting and budgetary management were strongly positively correlated.

Australian Government Services (2022) investigated the relationship between performance outcomes and the allocation of resources for performance information across the government. The study's findings imply that there should not be any relationship between the distribution of resources and performance outcomes. This research indicates that requiring a broad, direct, or close relationship between compensation and performance results is inappropriate. This was because automatic linkages distorted incentives, neglected to address the underlying causes of poor performance, and necessitated extremely high-performance quality, which was not always available. Furthermore, a direct relationship would be feasible in some industries; however, this should be determined individually rather than by establishing a system that applies to the government as a whole.

Braimah and Onuoha (2022) examined the revenue generation and performance of local government councils in Nigeria. The provision of services at the local level is essential to a society's political and socioeconomic advancement. The purpose of the study was to ascertain whether revenue generation significantly affected local government performance and whether the low degree of project execution at the local government level was due to improper management of statutory allocations. The study's conclusions showed that Nigeria's grassroots development was impeded by local governments' inadequate revenue generation.

County governments must now abide by the rules established by the relevant legislation and provide reports, both financial and non-financial, to the relevant authorities by the timeframes specified. All county government monies must be placed into the County Revenue Fund prior to being used, as per Article 207(1) of the Constitution. Nineteen counties—Bungoma, Busia, Embu, Isiolo, Bomet, Kajiado, Kiambu, Nyamira, Siaya, Elgeyo Marakwet, Kisii, Kitui, Mombasa, Nakuru, Nandi, Nyeri, Samburu, and Turkana—are listed in the County Governments' Budget Implementation Review Report (PFMA, 2020)..

The empirical literature review identified potential areas for further investigation. These include examining the impact of budgetary constraints on the standard and timeliness of project completion as well as the effectiveness of the control mechanisms in place to prevent cost overruns and delays, as these may provide valuable insights for enhancing the efficacy of project delivery. Best practices for financial resource management may also be revealed by

looking into the connection between transparent budget allocation and the general success of capital projects. Future research can help the Samburu County Government improve budget control procedures and maximize the delivery of capital projects by addressing these gaps in the current body of knowledge.

Conceptual Framework

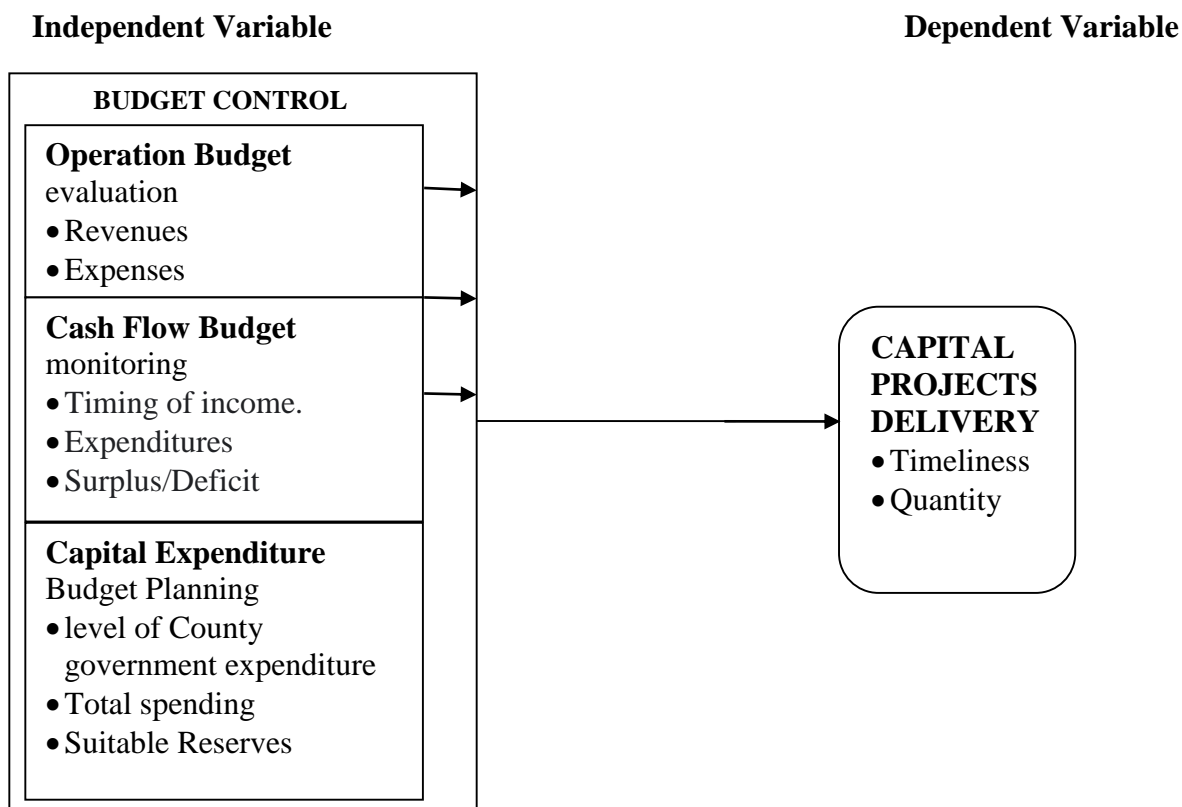


Figure 1: Conceptual Framework

METHODOLOGY

To make sense of the data, the study analyzed, presented, and interpreted it using both descriptive and correlational research methods. The study's design made it possible to characterize both independent and dependent variables. In contrast, a Taherdoost (2021) state that the correlations design was utilized to ascertain the degree of any relationship that exists between two or more variables. Since the goal of the study was to determine how control budget strategies affected the Samburu County government in Kenya's delivery of capital projects, a correlation design will be acceptable.

FINDINGS

Before data analysis, conditional diagnostics statistical tests were performed in this study to examine normality, heteroscedasticity, linearity, and multicollinearity. Normality in the final test was predicted by the dependent variable's scores and the distribution's shape (Chan, Leow, Bea, Cheng, Phoong, Hong, & Chen, 2022).

Table 1: Correlation Analysis

		Capital Projects Delivery	Budget Control	PFMA (2012)
Capital Projects Delivery	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	250		
Budget Control	Pearson Correlation	.879**	1	
	Sig. (2-tailed)	.000		
	N	250	250	

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Author 2023

The findings, as indicated in Table 1, show that there is a positive and statistically significant correlation ($r = 0.879$, $p < 0.000$) between capital budget delivery and budget control. Following the interpretation of the data; Huber (2004) did the same, classifying the linear relationship results as having a weak, moderate, or strong correlation with the variables. Budget Control and Capital Projects Delivery have a strong and significant relationship, as indicated by the correlation analysis results, which are greater than 0.5. The results indicate that budget control and capital project completion have the strongest and most significant relationships.

Regression Analysis of Composite Budget Control

This was done in order to assess the impact that budget control has on the delivery of capital projects. The Model Summary, ANOVA, and Regression Coefficient regression analysis results are displayed in the following sections.

Model Summary of Composite Budget Control

Regression analysis outcomes were computed for the first objective, and the results are displayed in Table 2.

Table 2: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.879 ^a	.773	.772	.721

a. Predictors: (Constant), log Budget Control

Source: Author 2023

The R and R² values are displayed in Table 2, with the R value (0.879) signifying a simple correlation and a high degree of correlation. The capital project delivery dependent variable's R² value showed how much of its variation can be accounted for by budgetary control. In this instance, a very high 77.3% of the variance can be explained. The variance in capital project delivery can be attributed to budgetary control in 77.2% of cases, according to the adjusted R² of 0.772. Since adjusted R² is also an estimate of the effect size, 0.772 (77.2%) indicated a large effect size (Cohen, 1988). Consequently, the 0.228 residual effects may be explained by other variables outside the purview and parameters of the current investigation. This study concluded that budget control factors were significantly and positively related to the successful completion of capital projects, as evidenced by the realized R-value of 0.879.

Analysis of Variance of Composite Budget Control

For the purpose of comparing F values between F calculated and F critical, the study conducted an ANOVA at a 5% significant level. The results are shown in Table 3

Table 3: Analysis of Variance

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	439.433	1	439.433	844.366	.000 ^b
	Residual	129.067	248	.520		
	Total	568.500	249			
a. Dependent Variable: Capital Projects Delivery						
b. Predictors: (Constant), Budget Control						

Source: Author 2023

Table 3 demonstrates that the regression model correctly predicted the dependent variable. This was indicated by the statistical significance of the regression model ($p = 0.000$), which was less than 0.05, and indicated that, overall, the model fit the data well and statistically significantly predicted the outcome variable. With a calculated value of 844.366 and a critical value of 247 at a degree of freedom, Table 3's results demonstrate that the calculated value of F was greater than the critical value. This suggests that the general regression model fits the data well when analyzing the relationship between core competencies and firm performance. The completion of capital projects is significantly influenced by at least one independent variable, as evidenced by the p-value of 0.00, which is below the 0.05 threshold.

Table 4: Analysis of Variance Between and Within Groups

Source	SS	df	MS	F	Prob > F
Between groups	550.081525	12	45.8401271	589.85	0.0000
Within groups	18.4184751	237	.077715085		
Total	568.5	249	2.28313253		

Bartlett's test for equal variances: $\chi^2(3) = 1.3476$ Prob > $\chi^2 = 0.718$

Note: Bartlett's test performed on cells with positive variance: 9 multiple-observation cells not used

Source: Author 2023

The dependent variable is the delivery of capital projects, while the independent variable is budget control. The corresponding p-value (Prob > F) is 0.000, and the F-statistic value is 589.85. Since the null hypothesis can be rejected, the p-value is less than 0.05. This implies that not all group methods for delivering capital projects are created equal.

The homogeneity of variances test (equal variances) by Bartlett, which is included at the bottom of the table, evaluated whether or not all group variances in capital project delivery were equal (assumption 2). The Bartlett's test yielded a p-value of 1.3476 (Prob > χ^2). Assumption 2 was not broken because the p-value was greater than 0.05, indicating that the variances in capital project delivery at all budget control group levels were equal. A p-value of less than 0.05 would have meant that the assumption was not met. The null hypothesis was tested using the ANOVA F ratio, which is the ratio of two mean square values or the ratio of variation between and within groups. The majority of the time, if true, the F-value ought to be near 1.0. On the other hand, a

high F ratio of 589.85 indicated that there was more variation between group means than would be predicted by chance and that the variation within groups was less than the variation between them. Consequently, this suggested that the group means differed in a statistically significant way.

Regression Coefficients of Composite Budget Control

To forecast capital project delivery from budget control and ascertain whether budgetary control makes a statistically significant contribution to the model, consult the coefficients in Table 5. The unstandardized regression coefficient offered helpful information for interpreting the impact of a one-unit change in a budget control variable on the completion of a capital project, especially when taking into account the P-value of 0.000 and the unstandardized coefficients. Therefore, it was necessary to generate the following coefficients to ascertain how each factor affected the delivery of capital projects.

Table 5: Regression Coefficients of Composite Budget Control

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.425	.176		-13.817	.000
	Budget Control	5.656	.195	.879	29.058	.000

a. Dependent Variable: Capital Projects Delivery

Source: Author 2023

When the other variables are held constant and the operation budget control is increased by one unit, capital project delivery will be at 5.656. The resultant equation becomes;

$$Y = -2.425 + 5.656X_1$$

Where; Y= Capital Projects Delivery, X_1 = Budget Control.

Hypotheses Test of Composite Budget Control

Comparing the null and alternative claims is the process of hypothesis testing (Mishra & Alok, 2016). To test the hypotheses, a significance threshold of 5% was employed. The study employed a two-tailed test since the alternative hypotheses were composite rather than directed (Mishra & Alok, 2016). If the p-value was smaller than the predefined value, the null hypothesis was rejected, and vice versa. If the p-value was higher than the cutoff, the null hypothesis was accepted. The reported t-value of 29.058 greater than 1.96 in a two-tailed test indicated that budget control was a highly significant variable in capital project delivery.

H₁: The operational budget evaluation of the Samburu County Government does not statistically significantly affect the completion of capital projects. Table 4.10 displays the results of the regression analysis, which indicated that the operation budget evaluation had a significant and positive relationship with capital project delivery in Samburu County at the 5% level of significance. The p-value linked to coefficients equal to 0.000 served as the foundation for this. The study rejected the stated null hypothesis at a 95% confidence level. Thus, the study came to the conclusion that Samburu County's capital project delivery was significantly impacted by budget control.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The effect of budget control on capital project execution in Samburu County was examined using descriptive statistics. The findings demonstrated that the budgetary restrictions had a significant impact on the execution of capital projects. The regression analysis's findings demonstrated that the budget control had a statistically significant effect on capital project completion at $P < 0.05$. Using descriptive statistics, the study looked at how budget management affected the execution of capital projects in Samburu County. The results showed that budget control had a significant influence on capital project execution. The regression analysis's findings indicated that this was statistically significant ($P < 0.05$).

Recommendations

This study suggests that county governments should have more authority over their budgets. The primary finding of the study was that counties can accomplish their financial and quantitative objectives with the aid of budget control. Focus should be placed on county objectives and the corresponding accounting structures to help the county identify the items of operating activities in the budgets. When creating budgets, the essential project areas for a project's successful completion should be determined using a standard cost system. This is so that resources can be allocated to departments accurately, which is made possible by budgets.

Counties can effectively manage performance by adopting crucial management tools such as budgeting, cash flow, and monitoring. There are more advantages than disadvantages to having effective cash flow and budget reporting in place. In the upcoming fiscal year, counties can safeguard their cash flow and budget. Counties are then able to stream the data from both sources throughout the year to keep their projects moving forward.

The County governments ought to implement capital expenditure planning due to the substantial financial stakes in project completion. Counties also engage in businesses that require collateral or debt to purchase new projects or enhance the value of already existing ones. If counties want to develop other assets, invest in new machinery and technology, and stay ahead of maintenance costs, they must budget for capital expenditures. Purchasing, renovating, and maintaining a range of physical assets, such as land, buildings, plants, machinery, and other physical assets, requires county governments to carefully plan their capital expenditures.

Contributions to Theory Practice and Policy

Results regarding the impact of capital project delivery and budgetary control offer important new perspectives on how the agency theory explains how incentives and relationships can affect public sector decision-making. The study also enhances our knowledge of stewardship theory by emphasizing the role that accountability and moral governance practices play in governmental operations. This is because budget control mechanisms can encourage the prudent and transparent use of public resources. In addition, the research elucidates the implications of budget control on stakeholders' theory, on how effective financial management practices can impact the stakeholders' interests and expectations in the context of public service delivery. All things considered, the study provides a thorough analysis that closes the knowledge gap between theoretical frameworks and real-world applications, providing insightful guidance to researchers, government employees, and legislators working in the fields of public administration and financial management.

The study made some important practical contributions that were found to be relevant to government financial management and project execution practices. To improve project outcomes, practitioners can obtain important insights into tactics and best practices for improving control and budget management systems. A more comprehensive grasp of the difficulties in striking a balance between project requirements and financial constraints is offered by the study's examination of the difficulties encountered in Samburu County's capital project delivery. For practitioners looking for evidence-based strategies to allocate resources optimally and efficiently track project progress, this study was a great resource. The study explored the effects of budget control mechanisms on the effectiveness of project delivery, and it concluded with actionable suggestions that comparable government environments can adopt to encourage openness, responsibility, and, eventually, the successful completion of projects.

The study reveals important findings that highlight how crucial efficient budget control strategies are to guarantee projects are completed successfully. It also explores the opportunities and problems brought about by the current policy framework, offering suggestions for improving project outcomes and budgetary oversight. The study is a useful tool for policymakers, stakeholders, and practitioners who want to improve and reinforce capital project management policy frameworks because it synthesizes the data and draws insightful conclusions. Essentially, the study offers much more than just analysis; it offers practical insights that could lead to significant changes and advancements in the Samburu County Government's policy environment.

Areas for Additional Research

The study focused on the effects of capital expenditure planning, cash flow budget monitoring, and operation budget evaluation on project delivery and was primarily focused on projects implemented by the Samburu County government. A similar study should be carried out to support additional factors that impact project delivery in other Counties. To ascertain the effect of operation budget evaluation on project delivery in a County that is more developed than others, a study employing comparable variables should be carried out.

REFERENCES

- Aduwo, O. O. (2019). Effectiveness of budgeting and budgetary control on the performance of Ado-Ekiti local government in Nigeria. *Research Journal of Finance and Accounting*, 10(8), 1-7.
- Alvesson M., Spicer A. (2019). Neo-institutional theory and organization studies: A mid-life crisis? *Organization Studies*, 40, 199-218.
- Berle, A., & Means, G. (1932). *The modern corporation and private property*. New York, NY: Macmillan.
- Braimah, M.E., & Onuoha, A.U. (2022). Revenue generation and performance in Local Governance in Nigeria: A survey of people's perception in selected Local Government Areas of Edo State. *Accounting and Taxation Review*, 6(1): 74-88
- Chan, J.Y.-L.; Leow, S.M.H.; Bea, K.T.; Cheng, W.K.; Phoong, S.W.; Hong, Z.-W.; Chen, Y.-L. (2022). Mitigating the Multicollinearity Problem and Its Machine Learning Approach: A Review. *Mathematics*, 10, 1283. <https://doi.org/10.3390/math10081283>
- Cuadrado-Ballesteros, B. & Bisogno, M. (2022), Budget transparency and financial sustainability, *Journal of Public Budgeting, Accounting & Financial Management*, 34 (6), 210-234
- Delbridge, R, & Edwards, T (2013) Inhabiting institutions: critical realist refinements to understanding institutional complexity and change. *Organization Studies* 34(7): 927–947
- Donaldson, J. (1991). Stewardship theory or agency theory: CEO governance and shareholder returns. *Australian Journal of Management*, 16, (1), 50-52.
- Dutzi A (2005) Der Aufsichtsrat als Instrument der Corporate Governance. DUV, Wiesbaden
- Garbinti, B., Goupille-Lebret, J., & Piketty, T. (2021). Accounting for wealth-inequality dynamics: methods, estimates, and simulations for France. *Journal of the European Economic Association*, 19(1):620–663
- Hamed, R. (2023). The role of internal control systems in ensuring financial performance sustainability. *Sustainability*, 15, 10206.
- Jensen, M., & Meckling, W. (1976). Theory of the firm: Managerial behavior, agency costs, and ownership structure. *Journal of Financial Economics*, 3(4), 305–360.
- Martinez C.& Pritchard J. (2019) ‘Proceed with caution: What makes personal budgets work?’ Reform, available online at: https://reform.uk/sites/default/files/201902/Personal%20Budgets_AW_4_0.pdf (accessed November 18, 2023).
- Mishra, S, B. & Alok, S. (2016). *Handbook of Research Methodology* Educreation Publishing RZ 94, Sector - 6, Dwarka, New Delhi.
- Mutungi, Z.W. (2017). *Effects of budgeting and budgetary control on performance of devolved government in Kenya*. Unpublished M.Sc. Thesis Submitted to School of Business, University of Nairobi

- Njeru P. K. (2022) *Effect Of Budgeting Practices On Performance Of Government Funded Projects In Nairobi Metropolitan, Kenya* Master Of Science In Finance And Accounting Project of KCA University
- Oyadomari, J. C. T., Afonso, P. S. L. P., Dutra-de-Lima, R. G., Mendonça Neto, O. R. R., & Righetti, M. C. G. (2018). Flexible budgeting influence on organizational inertia and flexibility. *International Journal of Productivity and Performance Management*, 67(9), 1640–1656.
- Perrow, C. (1986) *Complex Organizations—A Critical Essay*. McGraw-Hill, New York.
- Report on Australian Government Services (2022), Approach to performance measurement. Australian Government Productivity Commission.
<https://www.pc.gov.au/ongoing/report-on-government-services/2022/approach/performance-measuremen>
- Taherdoost, H. (2019). What is the best response scale for survey and questionnaire design; review of different lengths of rating scale/attitude scale/Likert scale. *International Journal of Academic Research in Management (IJARM)*, 8(1), 1-10
- Voronov, M. & Weber, K. (2020) People, actors, and the humanizing of institutional theory. *Journal of Management Studies*, 57, 873–884.
- Wells, J.A. (1991). Municipal performance monitoring: A principal-agent perspective. Ph.D. dissertation. University of Wisconsin, Milwaukee. Ann Arbor: University of Michigan.
- Zayol P.I. & Onho, S.I. (2017). “A Critical appraisal of budgeting and budgetary control in public sector. A case of Ministry of Finance, Makurdi” *International Journal of Scientific and Engineering Research*. 8(1), 1720-1736